

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>TOWNSHIP OF GOLDEN</b>	County <b>OCEANA</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>8/5/05</b>	Date Accountant Report Submitted to State: <b>11/7/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☒ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☒ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>LAYTON &amp; RICHARDSON PC CPA'S</b>			
Street Address <b>1000 COOLIDGE ROAD</b>	City <b>EAST LANSING</b>	State <b>MI</b>	ZIP <b>48823</b>
Accountant Signature <i>Michael A. Richardson CPA</i>		Date <b>11/7/05</b>	

## CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1-2
LIST OF PRINCIPAL INDIVIDUALS	3
MANAGEMENT DISCUSSION AND ANALYSIS	5-7
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET	9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/NET ASSETS GOVERNMENTAL FUNDS	11
BALANCE SHEET – GOVERNMENTAL FUNDS	12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS	13
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	14
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS	15
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	16-19
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – FIDUCIARY FUNDS	20
NOTES TO FINANCIAL STATEMENTS	21-29
INDEPENDENT AUDITORS' REPORT ON INTERNAL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	30
LETTER OF COMMENTS AND RECOMMENDATIONS	32-33



## INDEPENDENT AUDITORS' REPORT

Golden Township Board  
Township of Golden  
Oceana County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Golden, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Township of Golden, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Golden, Michigan as of March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 5, 2005 on our consideration of the Township of Golden, Michigan's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audit.

The management's discussion and analysis and the required supplementary information on pages 5 through 7 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Golden, Michigan's basic financial statements. The accompanying introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Lagton + Richardson PC*

*Certified Public Accountants*

East Lansing, Michigan  
August 5, 2005

**TOWNSHIP OF GOLDEN**

**TOWNSHIP BOARD**

2004-2005

Donald Walsworth

Supervisor

Laurie Kolosci

Clerk

Connie Cargill

Treasurer

Carl Fuehring

Trustee

Carl Wiegand

Trustee

# Township of Golden, Michigan

## Management's Discussion and Analysis

This discussion and analysis of the Township of Golden, Michigan's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2005. It should be read in conjunction with the Township's financial statements.

### Financial Highlights

The Township remains in a strong financial position. Net Assets at March 31, 2005 are \$740,650, a small decrease of \$9,009 from the prior year.

### Overview of Financial Statements

This annual report consists of three parts: management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view. They tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant fund, the General Fund, as well as the other governmental funds of the Township. The fiduciary funds statement provides financial information about activity for which the Township acts solely as an agent for the benefit of those outside of government.

### Township of Golden, Michigan, as a Whole

The following table shows, in a condensed format, the net assets of the governmental activities as of March 31, 2005. Prior year information is not available because this is the first year of implementation of GASB Statement No. 34. Comparative data will be presented in future years.

	Governmental Activities
Assets	
Current assets	\$ 579,414
Noncurrent assets	<u>182,115</u>
Total assets	<u>\$ 761,529</u>
Liabilities	
Current liabilities	\$ <u>20,879</u>
Total liabilities	<u>20,879</u>
Net Assets	
Invested in capital assets, net of related debt	182,115
Restricted	20,759
Unrestricted	<u>537,776</u>
Total net assets	<u>740,650</u>
	<u>\$ 761,529</u>

# Township of Golden, Michigan

## Management's Discussion and Analysis

The Township combined net assets decreased 1.1% from a year ago, decreasing \$9,009, from \$749,659. Unrestricted net assets are the portion of net assets that can be used to finance day-to-day operations. At March 31, 2005, \$537,776 of the Township's net assets is unrestricted.

The following table shows the changes of the net assets of the governmental activities during the year ended March 31, 2005. Prior year information is not available because this is the first year of implementation of GASB Statement No. 34. Comparative data will be presented in future years.

Revenue	
Program revenue	
Operating grants	\$ 119,487
Charges for services	48,405
Fees and fines	13,649
General revenue	
Property taxes	339,441
Interest	5,630
Other	6,526
Total revenue	<u>533,138</u>
Program Expenses	
Legislative	39,460
General government	132,390
Public safety	89,293
Public works	260,472
Recreation and culture	20,532
Total program expenses	<u>542,147</u>
Change in Net Assets	(\$ <u>9,009</u> )

### Governmental Activities

The Township's total governmental revenues were \$533,138. The largest revenue item is property taxes, representing 63.6% of the revenue. State operating grants represent 22.4%, charges for services are 9.2%, fees and fines are 2.5%, with all other revenues making up the remaining 2.3%. Total revenues increased approximately \$33,000 from the prior year. General government expenses account for 27.5% of total program expenses. Public safety represents 15.7%, public works comprise 45.8%, with all other programs making up the remaining 11.0% of total expenses.

### The General Fund

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, found on pages 16-19 provides detail information about the most significant fund, not the Township as a whole. The General Fund pays for the Township's general governmental services. The most significant costs relate to general government services, accounting for 49.1% of the total expenditures of the General Fund.

# **Township of Golden, Michigan**

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## **Management's Discussion and Analysis**

### General Fund Budgetary Highlights

Only minor amendments were made to the budget over the course of the year.

### Capital Assets

As of March 31, 2005, the Township had \$310,694 invested in capital assets. Capital assets of the Township include the Township Hall, office, computer and property maintenance equipment, and road improvements.

### Economic Factors and Next Year's Budgets and Rates

It is expected that the Township's property tax millages will be the same next year.

### Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers and customers with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Township office.



**TOWNSHIP OF GOLDEN, MICHIGAN**  
**STATEMENT OF NET ASSETS AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MARCH 31, 2005**

	GOVERNMENTAL FUNDS	ADJUSTMENTS	STATEMENT OF NET ASSETS
<b>ASSETS</b>			
Cash and cash equivalents	\$ 443,145	\$	\$ 443,145
Investments	99,246		99,246
Due from county	37,023		37,023
Capital assets		182,115	182,115
<b>TOTAL ASSETS</b>	<u>\$ 579,414</u>	<u>\$ 182,115</u>	<u>\$ 761,529</u>
 <b>LIABILITIES AND FUND BALANCE/NET ASSETS</b>			
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 20,879	\$	\$ 20,879
<b>TOTAL LIABILITIES</b>	<u>20,879</u>		<u>20,879</u>
 <b>FUND BALANCE/NET ASSETS</b>			
Invested in capital assets, net of related debt		182,115	182,115
Restricted for cemetery care	20,759		20,759
Unrestricted	537,776		537,776
<b>TOTAL FUND BALANCE/NET ASSETS</b>	<u>558,535</u>	<u>182,115</u>	<u>740,650</u>
<b>TOTAL LIABILITIES AND FUND BALANCE/NET ASSETS</b>	<u>\$ 579,414</u>	<u>\$ 182,115</u>	<u>\$ 761,529</u>

See accompanying notes to financial statements.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE/NET ASSETS**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	GOVERNMENTAL FUNDS	ADJUSTMENTS	STATEMENT OF ACTIVITIES
EXPENDITURES			
Legislative	\$ 39,460	\$	\$ 39,460
General government	156,437	(24,047)	132,390
Public safety	89,293		89,293
Public works	260,472		260,472
Recreation and culture	22,742	(2,210)	20,532
TOTAL EXPENDITURES	<u>568,404</u>	<u>(26,257)</u>	<u>542,147</u>
PROGRAM REVENUES			
Operating grants	119,487		119,487
Charges for services	48,405		48,405
Fees and fines	13,649		13,649
TOTAL PROGRAM REVENUES	<u>181,541</u>		<u>181,541</u>
NET PROGRAM EXPENSE	<u>(386,863)</u>	<u>26,257</u>	<u>(360,606)</u>
GENERAL REVENUES			
Property taxes	339,441		339,441
Interest	5,630		5,630
Other	6,526		6,526
TOTAL GENERAL REVENUES	<u>351,597</u>		<u>351,597</u>
CHANGES IN FUND BALANCE/NET ASSETS	(35,266)	26,257	(9,009)
FUND BALANCE/NET ASSETS, APRIL 1	<u>593,801</u>	<u>155,858</u>	<u>749,659</u>
FUND BALANCE/NET ASSETS, MARCH 31	<u>\$ 558,535</u>	<u>\$ 182,115</u>	<u>\$ 740,650</u>

See accompanying notes to financial statements.

**TOWNSHIP OF GOLDEN, MICHIGAN**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

MARCH 31, 2005

	GENERAL	CAPITAL PROJECTS	CEMETERY FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 257,249	\$ 185,896	\$	\$ 443,145
Investments	78,487		20,759	99,246
Due from county	15,520	21,503		37,023
<b>TOTAL ASSETS</b>	<b>\$ 351,256</b>	<b>\$ 207,399</b>	<b>\$ 20,759</b>	<b>\$ 579,414</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 20,879	\$	\$	\$ 20,879
<b>FUND BALANCE</b>				
Restricted for cemetery care			20,759	20,759
Unrestricted, unreserved	330,377	207,399		537,776
<b>TOTAL FUND BALANCE</b>	<b>330,377</b>	<b>207,399</b>	<b>20,759</b>	<b>558,535</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 351,256</b>	<b>\$ 207,399</b>	<b>\$ 20,759</b>	<b>\$ 579,414</b>

See accompanying notes to financial statements.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET ASSETS**  
**MARCH 31, 2005**

Total fund balances-governmental funds		\$	558,535
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
Land	\$	47,225	
Land improvements		35,000	
Buildings and improvements		169,871	
Equipment		58,598	
Accumulated depreciation		<u>(128,579)</u>	<u>182,115</u>
Total net assets-governmental activities		\$	<u><u>740,650</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	GENERAL	CAPITAL PROJECTS	CEMETERY FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 121,267	\$ 218,174	\$	\$ 339,441
State grants	119,487			119,487
Private contributions				
Charges for services	48,405			48,405
Fees and fines	13,649			13,649
Interest	3,558	1,640	432	5,630
Other	3,361	3,165		6,526
TOTAL REVENUES	<u>309,727</u>	<u>222,979</u>	<u>432</u>	<u>533,138</u>
EXPENDITURES				
Legislative	39,460			39,460
General government	156,437			156,437
Public safety	89,293			89,293
Public works	10,506	249,966		260,472
Health and welfare				
Recreation and culture	22,742			22,742
TOTAL EXPENDITURES	<u>318,438</u>	<u>249,966</u>		<u>568,404</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>(8,711)</u>	<u>(26,987)</u>	<u>432</u>	<u>(35,266)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		157,907		157,907
Transfers out	(157,907)			(157,907)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(157,907)</u>	<u>157,907</u>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(166,618)	130,920	432	(35,266)
FUND BALANCE, APRIL 1	<u>496,995</u>	<u>76,479</u>	<u>20,327</u>	<u>593,801</u>
FUND BALANCE, MARCH 31	<u>\$ 330,377</u>	<u>\$ 207,399</u>	<u>\$ 20,759</u>	<u>\$ 558,535</u>

See accompanying notes to financial statements.

TOWNSHIP OF GOLDEN, MICHIGAN  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005

Net changes in fund balances-total governmental funds	\$ (35,266)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Expenditures for capital assets	38,479
Less: current year depreciation	<u>(12,222)</u>
Change in net assets of governmental activities	<u>\$ (9,009)</u>

See accompanying notes to financial statements.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>BUDGETED AMOUNTS</u>			VARIANCE FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<b>REVENUES</b>				
Taxes				
Taxes - 2005 levy	\$ 134,200	\$ 134,200	\$ 117,880	\$ (16,320)
Trailer taxes	3,000	3,000	1,104	(1,896)
Payment in lieu of taxes	2,500	2,500	2,283	(217)
Total Taxes	<u>139,700</u>	<u>139,700</u>	<u>121,267</u>	<u>(18,433)</u>
State Grants				
Shared revenues	<u>134,500</u>	<u>134,500</u>	<u>119,487</u>	<u>(15,013)</u>
Charges for Services				
PTAF and collection fees	28,000	28,000	48,405	20,405
Licenses and permits	13,300	13,300	13,649	349
Total Charges for Services	<u>41,300</u>	<u>41,300</u>	<u>62,054</u>	<u>20,754</u>
Other Revenue				
Interest	1,500	1,500	3,558	2,058
Miscellaneous	2,000	2,000	3,361	1,361
Total Other Revenue	<u>3,500</u>	<u>3,500</u>	<u>6,919</u>	<u>3,419</u>
TOTAL REVENUES	<u>319,000</u>	<u>319,000</u>	<u>309,727</u>	<u>(9,273)</u>
<b>EXPENDITURES</b>				
<b>LEGISLATIVE</b>				
Township Board				
Township Board trustee wages	3,000	3,000	3,000	
Supplies	5,000	5,000	5,543	(543)
Printing and publishing	1,500	1,500	1,660	(160)
Professional services	15,855	15,855	17,283	(1,428)
Memberships and subscriptions	2,100	2,100	2,573	(473)
Service contracts			1,114	(1,114)
Mileage			62	(62)
Insurance and bonds	6,000	6,000	5,665	335
Miscellaneous	3,000	3,000	2,560	440
TOTAL LEGISLATIVE	<u>36,455</u>	<u>36,455</u>	<u>39,460</u>	<u>(3,005)</u>

See accompanying notes to financial statements.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - Continued**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
EXPENDITURES - Continued				
GENERAL GOVERNMENT				
Supervisor				
Salaries and wages	\$ 9,500	\$ 9,500	\$ 9,500	\$
Assessor contract	28,200	28,200	28,200	
Printing and publishing	100	100	1,433	(1,333)
Professional services	500	500	802	(302)
Mileage	600	600	600	
Capital outlay	3,977	3,977	4,320	(343)
Total Supervisor	42,877	42,877	44,855	(1,978)
Election				
Salaries and wages	3,625	3,625	3,045	580
Fringe benefits			281	(281)
Supplies			632	(632)
Printing and publishing	1,000	1,000	759	241
Professional services			185	(185)
Total Election	4,625	4,625	4,902	(277)
Clerk				
Salaries and wages	13,000	13,000	13,000	
Clerical help	230	230	265	(35)
Fringe benefits			1,206	(1,206)
Mileage	1,200	1,200	1,200	
Total Clerk	14,430	14,430	15,671	(1,241)
Board of Review				
Salaries and wages	800	800	720	80
Printing and publishing	500	500	555	(55)
Professional services	500	500		500
Total Board of Review	1,800	1,800	1,275	525
Treasurer				
Salaries and wages	16,900	16,900	16,900	
Clerical help	3,000	3,000	4,485	(1,485)
Fringe benefits			1,608	(1,608)
Printing and publishing	6,682	6,682	6,241	441
Professional services			80	(80)
Mileage	1,200	1,200	1,200	
Total Treasurer	27,782	27,782	30,514	(2,732)

See accompanying notes to financial statements.



**TOWNSHIP OF GOLDEN, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - Continued**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>BUDGETED AMOUNTS</u>			VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
EXPENDITURES - Continued				
GENERAL GOVERNMENT - Concluded				
Township Hall				
Supplies	\$ 2,000	\$ 2,000	\$ 2,588	\$ (588)
Repairs and maintenance	10,000	10,000	2,367	7,633
Professional services	2,000	2,000	1,792	208
Public utilities	5,000	5,000	4,415	585
Capital outlay	5,000	5,000	15,073	(10,073)
Total Township Hall	<u>24,000</u>	<u>24,000</u>	<u>26,235</u>	<u>(2,235)</u>
Cemetery				
Salaries and wages	5,000	5,000	6,305	(1,305)
Fringe benefits			603	(603)
Supplies	3,000	3,000	1,811	1,189
Professional services	1,500	1,500	1,131	369
Public utilities			108	(108)
Miscellaneous			101	(101)
Capital outlay	22,900	22,900	22,926	(26)
Total Cemetery	<u>32,400</u>	<u>32,400</u>	<u>32,985</u>	<u>(585)</u>
TOTAL GENERAL GOVERNMENT	<u>147,914</u>	<u>147,914</u>	<u>156,437</u>	<u>(8,523)</u>
PUBLIC SAFETY				
Fire Prevention				
Fire participation contract	66,000	66,000	63,280	2,720
Zoning and Planning Commission				
Salaries and wages	14,500	14,500	17,650	(3,150)
Fringe benefits			1,206	(1,206)
Printing and publishing	2,000	2,000	1,692	308
Professional services	6,000	6,000	4,718	1,282
Mileage	600	600	747	(147)
Total Zoning and Planning Commission	<u>23,100</u>	<u>23,100</u>	<u>26,013</u>	<u>(2,913)</u>
TOTAL PUBLIC SAFETY	<u>89,100</u>	<u>89,100</u>	<u>89,293</u>	<u>(193)</u>
PUBLIC WORKS				
Street lighting	5,000	5,000	3,932	1,068
Highways, streets and bridges		25,000		25,000
Drain	6,575	6,575	6,574	1
TOTAL PUBLIC WORKS	<u>11,575</u>	<u>36,575</u>	<u>10,506</u>	<u>26,069</u>

See accompanying notes to financial statements.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - Concluded**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
EXPENDITURES - Concluded				
RECREATION AND CULTURE				
Recreation fund				
Salaries and wages	\$ 1,500	\$ 1,500	\$ 1,995	\$ (495)
Fringe benefits			121	(121)
Supplies	500	500		500
Professional services	3,115	3,115	3,246	(131)
Capital outlay			2,380	(2,380)
Total Recreation Fund	<u>5,115</u>	<u>5,115</u>	<u>7,742</u>	<u>(2,627)</u>
Library Fund				
Library Hart contract	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	
TOTAL RECREATION AND CULTURE	<u>20,115</u>	<u>20,115</u>	<u>22,742</u>	<u>(2,627)</u>
TOTAL EXPENDITURES	<u>305,159</u>	<u>330,159</u>	<u>318,438</u>	<u>11,721</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	13,841	(11,159)	(8,711)	2,448
OTHER FINANCING USES				
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(157,907)</u>	<u>(147,907)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>3,841</u>	<u>(21,159)</u>	<u>(166,618)</u>	<u>(145,459)</u>
FUND BALANCE, APRIL 1	<u>496,995</u>	<u>496,995</u>	<u>496,995</u>	
FUND BALANCE, MARCH 31	<u>\$ 500,836</u>	<u>\$ 475,836</u>	<u>\$ 330,377</u>	<u>\$ (145,459)</u>

See accompanying notes to financial statements.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**COMBINING STATEMENT OF CHANGES IN ASSETS**  
**AND LIABILITIES - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	BALANCE, APRIL 1	ADDITIONS	DEDUCTIONS	BALANCE, MARCH 31
<b>CURRENT TAX COLLECTION</b>				
<b>ASSETS</b>				
Cash	\$ <u>8,896</u>	\$ <u>3,757,113</u>	\$ <u>3,765,254</u>	\$ <u>755</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 8,896	\$ 379,565	\$ 388,461	\$
Due to others		<u>3,377,548</u>	<u>3,376,793</u>	<u>755</u>
<b>TOTAL LIABILITIES</b>	\$ <u>8,896</u>	\$ <u>3,757,113</u>	\$ <u>3,765,254</u>	\$ <u>755</u>
<b>AGENCY</b>				
<b>ASSETS</b>				
Cash	\$ <u>3,210</u>	\$ <u>10,894</u>	\$ <u>9,776</u>	\$ <u>4,328</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 324	\$ 2,136	\$ 2,460	\$
Due to others	<u>2,886</u>	<u>8,758</u>	<u>7,316</u>	<u>4,328</u>
<b>TOTAL LIABILITIES</b>	\$ <u>3,210</u>	\$ <u>10,894</u>	\$ <u>9,776</u>	\$ <u>4,328</u>
<b>TOTAL FIDUCIARY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ <u>12,106</u>	\$ <u>3,768,007</u>	\$ <u>3,775,030</u>	\$ <u>5,083</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 9,220	\$ 381,701	\$ 390,921	\$
Due to others	<u>2,886</u>	<u>3,386,306</u>	<u>3,384,109</u>	<u>5,083</u>
<b>TOTAL LIABILITIES</b>	\$ <u>12,106</u>	\$ <u>3,768,007</u>	\$ <u>3,775,030</u>	\$ <u>5,083</u>

See accompanying notes to financial statements.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2005**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township of Golden is located in Oceana County, Michigan, and operates under an elected Township Board. The Township provides general government operations.

The accounting policies of the Township of Golden conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

**A. Reporting Entity**

All funds and account groups under direct control of the Township are included in this report. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the Township's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government of the Township of Golden and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for services. The Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2005**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Government-Wide and Fund Financial Statements - Concluded**

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township of Golden.

The Township of Golden reports the following major governmental funds:

The General Fund is used to account for all financial transactions, except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township of Golden. Revenues are derived primarily from property taxes, fees for services, interest on investments and state distributions.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
NOTES TO FINANCIAL STATEMENTS - Continued  
MARCH 31, 2005

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

The Capital Projects fund is used to record the acquisition or construction of major capital facilities.

The Cemetery Fund is a permanent fund and accounts for the perpetual care of the cemetery. All financial decisions concerning the Cemetery Fund are approved by the Township.

In addition to the General Fund, the Township of Golden reports the following fund types:

Fiduciary Funds are used to account for assets held by a governmental unit as the trustee or agent for others. The Current Tax Collection fund and the Agency Fund are the only fiduciary funds of the Township.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township of Golden has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the current tax collection fund.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Township has no proprietary funds.

When both restricted and unrestricted resources are available for use, it is the Township of Golden's policy to use restricted resources first. Unrestricted resources are used as they are needed.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2005**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Township of Golden as assets with an initial, individual cost of \$2,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives is not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against operations in the government-wide statements. Accumulated depreciation is reported on the government-wide statement of net assets.

The straight-line depreciation method is applied over the estimated useful life of all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Land improvements	40 years
Buildings and improvements	10-40 years
Equipment	7 years

**E. Cash and Cash Equivalents**

The Township's cash is considered to be cash on hand, demand deposits, and non-negotiable certificates of deposit with an original maturity of 3 months or less.

**F. Investments**

All investments are stated at market.

**G. Receivables**

Receivables have been recognized for all significant amounts due the Township. No allowances have been made for non-collectable accounts because most delinquent receivables can be added to the tax roll if they remain unpaid and become a lien against the property.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2005**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**H. Budgets and Budgetary Accounting**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31, the Township board reviews a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to April 1 the budget is legally adopted at the activity level by a majority vote of the Township Board.
4. Budgets for the General Fund are adopted on a basis consistent with U.S. generally accepted accounting principles.
5. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
6. The adopted budgets are used as a management control device during the year for all budgetary funds.
7. Budget appropriations lapse at the end of each fiscal year.
8. Budgeted amounts are as originally adopted or amended by the Township Board during the year. Individual amendments were not material in relation to the original appropriations which were amended.

**I. Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2: PROPERTY TAXES**

Properties are assessed as of December 31, and the related taxes become a lien on July 1 of the following year. These taxes are due on December 1, with a final collection date of February 28 before they are returned to the County as delinquent.

**NOTE 3: CASH AND INVESTMENTS**

The captions on the combined balance sheet relating to cash and investments are as follows:

Cash and cash equivalents	\$ 443,145
Investments	<u>99,246</u>
	<u>\$ 542,391</u>



**TOWNSHIP OF GOLDEN, MICHIGAN**  
NOTES TO FINANCIAL STATEMENTS - Continued  
MARCH 31, 2005

NOTE 3: **CASH AND INVESTMENTS - Continued**

A summary by type are:

Deposits	
Cash in demand accounts	\$ 261,458
Cash in savings accounts/ money market	181,687
Investments	
Certificates of deposit	86,934
Annuity	<u>12,312</u>
	<u>\$ 542,391</u>

Deposits

At March 31, 2005, the banks were carrying a cash balance of \$539,549 - not including any pooled investment funds.

Bank deposits and investments were insured up to \$120,759, leaving a balance of \$418,790 uninsured.

Investments

Act 196, P. A. 1997, authorizes the Township to deposit and invest in the following:

- (a) Bonds, securities and other direct obligations of the United States or its agencies.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of Act 105, P.A. 1855, as amended (MCL 21.145 and 21.146).
- (c) Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in subdivision (a).
- (e) Bankers' acceptance of United States banks.
- (f) Obligation of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (g) Certain mutual funds as defined in the Act.

The Township's deposits and investments are in accordance with statutory authority except for a \$12,312 investment with AIG Annuity Insurance Company of Texas.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2005**

**NOTE 3: CASH AND INVESTMENTS - Concluded**

Investments - Concluded

There are three levels of risk by which investments are classified. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Township's name. At March 31, 2005, the Township's investments of \$99,246 are categorized as follows:

	CATEGORY 1	CATEGORY 2	CATEGORY 3	CARRYING AMOUNT
INVESTMENT TYPE				
Risk Categorized	\$ <u>86,934</u>	\$ _____	\$ _____	\$ <u>86,934</u>
Total Risk-Categorized Investments	\$ <u>86,934</u>	\$ _____	\$ _____	
Nonrisk-Categorized Annuity				<u>12,312</u>
TOTAL INVESTMENTS				\$ <u>99,246</u>

The annuity is not categorized because it is not evidenced by securities that exist in physical or book entry form.

The Township has adopted a formal investment policy, as required by Act 20, P.A. 1943 as amended, that complies with State law.

**NOTE 4: CAPITAL ASSETS**

A summary of changes in governmental capital assets including internal service fund assets is as follows:

	APRIL 1, 2004	ADDITIONS	DELETIONS	MARCH 31, 2005
Capital assets being depreciated				
Land improvements	\$ 35,000	\$ _____	\$ _____	\$ 30,000
Buildings and improvements	155,798	14,073		169,871
Equipment	<u>34,192</u>	<u>24,406</u>	_____	<u>58,598</u>
Total Capital assets being depreciated	<u>224,990</u>	<u>38,479</u>	_____	<u>263,469</u>

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Continued**  
**MARCH 31, 2005**

**NOTE 4: CAPITAL ASSETS - Concluded**

	APRIL 1, 2004	ADDITIONS	DELETIONS	MARCH 31, 2005
Less: Accumulated depreciation				
Land improvements	\$ 439	\$ 875	\$	\$ 1,314
Buildings and improvements	97,373	4,599		101,972
Equipment	<u>18,545</u>	<u>6,748</u>	<u>          </u>	<u>25,293</u>
Total Accumulated Depreciation	<u>116,357</u>	<u>12,222</u>	<u>          </u>	<u>128,579</u>
Net Capital assets being depreciated	108,633	26,257		134,890
Capital assets not being depreciated				
Land	<u>47,225</u>	<u>          </u>	<u>          </u>	<u>47,225</u>
NET CAPITAL ASSETS	<u>\$ 155,858</u>	<u>\$ 26,257</u>	<u>\$</u>	<u>\$ 182,115</u>

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	\$ 12,052
Recreation and culture	<u>170</u>
	<u>\$ 12,222</u>

**NOTE 5: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS**

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. Public Act 493 of 2003 removed debt service funds as funds requiring a budget.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

**TOWNSHIP OF GOLDEN, MICHIGAN**  
**NOTES TO FINANCIAL STATEMENTS - Concluded**  
**MARCH 31, 2005**

**NOTE 5: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS**  
**- Concluded**

During the year ended March 31, 2005, the Township incurred expenditures in certain budgetary funds that were in excess of the amounts appropriated as follows:

	BUDGET	ACTUAL	UNFAVORABLE VARIANCE
<b>GENERAL FUND</b>			
Legislative			
Township Board	\$ 36,455	\$ 39,460	\$ ( 3,005 )
General Government			
Supervisor	42,877	44,855	( 1,978 )
Election	4,625	4,902	( 277 )
Clerk	14,430	15,671	( 1,241 )
Treasurer	27,782	30,514	( 2,732 )
Township Hall	24,000	26,235	( 2,235 )
Cemetery	32,400	32,985	( 585 )
Public Safety			
Zoning and Planning Commission	23,100	26,013	( 2,913 )
Recreation and Culture			
Recreation	5,115	7,742	( 2,627 )

**NOTE 6: RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the Township to purchase commercial insurance for most risks of loss to which it is exposed.

**NOTE 7: PENSION PLAN**

The Township has a defined contribution pension plan covering all full time employees. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2005 was \$3,649.



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Township Board  
Township of Golden  
Oceana County, Michigan

We have audited the general purpose financial statements of the Township of Golden, Michigan, as of and for the year ended March 31, 2005 and have issued our report thereon dated August 5, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Golden Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Golden Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Golden Township in a separate letter dated August 5, 2005.

This report is intended for the information of the Township Board, management, and State and Federal Agencies. However, this report is a matter of public record and its distribution is not limited.

*Layton & Richardson PC*

*Certified Public Accountants*

East Lansing, Michigan  
August 5, 2005



## AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

Golden Township Board  
Township of Golden  
Oceana County, Michigan

We have audited the general purpose financial statements of the Township of Golden for the year ended March 31, 2005, and have issued our report thereon dated August 5, 2005. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of the Township of Golden. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of the Township of Golden is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation of the internal accounting control system would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Township of Golden.

### RECOMMENDATIONS

#### DISBURSEMENTS

We noted during our testing that invoices are cancelled by attaching a check stub to the paid invoice. The staple attaching the check stub and the invoice may become detached. We recommend "Paid", the check number, and the date of the check be written on the paid invoice to ensure canceling. This will improve controls over each cash disbursements and reduce the chance of double payment of an invoice.

#### ILLEGAL INVESTMENTS

We recommend that the AIG Annuity Insurance be sold since it is an illegal investment according to the State of Michigan law and the Township investment policy.

## RECOMMENDATIONS - Concluded

### BUDGETS

We recommend that budgets for the general fund be amended quarterly and at the last Township meeting in March. This will reduce problems with activities over budgets. Also, a copy of the original budget should be attached to the minutes in which the budget was adopted. This attachment will ensure which version of the final budget is the final budget.

### DEBIT CARDS

Debit cards and their use are not legal per the State of Michigan. We recommend that all debit cards be destroyed and replaced with credit cards.

### COMPUTER BACKUPS

We are not aware of any systematic back-up procedures for all Township computers. We highly recommend that at the end of the business day on every Friday, that all computers be backed up and also that once a month an additional backup be made for off-site storage.

We are grateful to the Township employees for the assistance and cooperation we received during the audit and we thank them.

*Larson + Richardson PC*

*Certified Public Accountants*

East Lansing, Michigan  
August 5, 2005